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C O N F I D E N T I A L SECTION 01 OF 02 YEREVAN 000914

SIPDIS

E.O. 12958: DECL: 07/07/2016

TAGS: [PREL](#) [PGOV](#) [KNNP](#) [IR](#) [AM](#)

SUBJECT: KOCHARIAN'S JULY 5-6 "WORKING VISIT" TO IRAN

REF: A. YEREVAN 715

[1](#)B. YEREVAN 751

[1](#)C. YEREVAN 831

Classified By: Ambassador John M. Evans for reason 1.4 (b,d)

Summary

[1](#)1. (C) From July 5-6, during a "working visit" to Iran, President Kocharian met twice with President Ahmadi-Najad and presided over the signing of several agreements to further economic and cultural cooperation. Most significant of these dealt with increasing energy integration, including the construction of a new power transmission line from Armenia to Iran and the construction of a jointly-owned hydro power station on the Arax river, which forms the border between Armenia and Iran. Kocharian told the Ambassador on July 7 in a private meeting that his Iranian interlocutors were "determined" to assert their rights to develop "civilian" nuclear power, yet "hopeful" that the current approach by the international community would be productive. In a July 7 briefing to the diplomatic corps in Yerevan, FM Oskanian that the Iranians seemed to see some "positive elements" in the EU-3 offer, although they claimed that "some clarifications" were needed. End Summary.

Trying to be Transparent About Iran Visit

[1](#)2. (C) When Kocharian first flagged for us in late May his likely visit to Iran (ref A), he was eager to downplay its significance and made a strong plea that the USG not "punish Armenia for having Iran as a neighbor." Now that the visit has taken place, both Kocharian and Oskanian have taken steps to be transparent about the substance of the two-day visit. In addition to the energy agreements the GOAM warned us would be inked, Armenia and Iran increased cultural cooperation and signed agreements on extradition and legal assistance. The twelve-member delegation included Foreign Minister Oskanian, Energy Minister Movsisyan and Presidential Chief of Staff Armen Gevorgyan.

Heavy Press Coverage

[1](#)3. (C) Although this was technically a "working visit," Armenia's news media were full of images of Kocharian meeting with Ahmadi-Najad. In public statements, Kocharian welcomed "noticeable progress" in the development of bilateral relations while calling for further development of close ties. Ahmadi-Najad publicly called for a closer relationship with Armenia and said that the relationship has "huge potential." He told the press that he hoped "the Armenian president's trip to Iran would serve as an important step toward the development of 'all-out' ties between the two countries." Kocharian also paid a visit to the Armenian Embassy in Tehran and met with representatives of the Armenian ethnic community there.

Key Energy Agreements

[1](#)4. (C) Energy agreements were the highlight of the visit. Armenia and Iran will construct a third energy transmission line to link the grids of the two countries. The new capacity will exceed 1000 MW. Armenia's annual energy swaps with Iran currently balance, with Iran supplying Armenia during the winter months and Armenia sending electricity south during Iran's summer peak usage period. During a May meeting with the Ambassador (ref A), Kocharian said that the new transmission line was essential for Armenia's energy security; the additional capacity from the new combined-cycle gas-fired plants to be built in Armenia would be sold to Iran to pay for the capital improvements.

[1](#)5. (C) Armenia's Energy Minister signed with his Iranian counterpart a Memorandum of Agreement on the construction of a hydro power plant with a projected capacity of 140 MW on the Arax river. The project is to be funded by the Iranian government, with Armenia's share of the investment to be paid by delivery of electricity generated by the facility in the course of 10 - 12 years. Conspicuously absent from any press statements was any discussion of the alleged sale to Russia's Gazprom of the Iran-Armenia gas pipeline.

Iran-Armenia Transport

16. (C) Kocharian told the press that transport links were a top priority, and threw support behind the idea of developing a north-south rail link between Iran and Armenia. Energy Minister Movsisian said that Armenia would sign an inter-governmental agreement on the Arax river hydro plant "by the end of 2006" during the inauguration of the Iran-Armenia gas pipeline and the new Kapan-Meghri road.

Some Aid, Cultural Cooperation

17. (C) Ahmadi-Najad announced that Iran would provide assistance valued at USD 2.2 million to Armenia, and a commission would be founded to determine how this aid would be distributed. A "cooperation program for the preservation of cultural heritage" was also signed during the visit.

Kocharian Briefs Ambassador

18. (C) Kocharian gave the Ambassador a brief, private read-out of his visit during a July 7 visit to the Embassy to commemorate Independence Day. He said that he was direct in his meetings with President Ahmadi-Najad and also with Ali Larijani, Secretary of Iran's Supreme National Security Council. Kocharian said that he urged both Ahmadi-Najad and Larijani to cooperate with the international community and to take a more pragmatic approach, even if, as the Iranians asserted, "justice" was not being done. Kocharian told the Ambassador that both men were "determined" to assert Iran's rights to develop a "civilian" nuclear program, but were "hopeful" that the current line of discussions with the international community would prove to be productive.

19. (C) In his briefing to the diplomatic corps July 7, Foreign Minister Oskanian noted that the two sides had discussed Iraq, Afghanistan, and the Middle East in general, and that the Armenian side had briefed the Iranians on their position with regard to Nagorno-Karabakh. He also noted that the Iran-Armenia gas pipeline should open for gas deliveries by the end of the year, and that an opening ceremony was envisaged -- presumably, though Oskanian did not say so, an effort to mimic the ceremonies marking the inauguration of Baku-Ceyhan.

EVANS